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STARK INTRODUCES LEGISLATION TO INCREASE DOC PAYMENTS AND CREATE A PERMANENT FIX TO MEDICARE'S PAYMENT FORMULA

WASHINGTON - U.S. Representative Pete Stark (D-CA, 13th) today introduced the Medicare Physician Payment Reform Act of 2005. The bill provides for a 1.5% increase for the next two years for physicians and sets a path to a permanent solution to Medicare's physician payment formula problems.

“Congress has become quite proficient at short term solutions to Medicare physician payment problems. Unfortunately, this near-sighted view comes at the expense of other Medicare changes that could directly improve benefits or decrease costs for Medicare beneficiaries. My bill lays out a plan for a permanent solution enabling physicians to count on fair annual payment adjustments. It's better for physicians, patients and the American taxpayer.”

Medicare must pay physicians appropriately to maintain strong physician participation in the program and assure quality of care. Clearly, the existing formula (known as the sustainable growth rate - or, SGR) doesn't work and must be overhauled. To date, most proposals have simply mandated short-term fixes and eliminated the SGR from that point forward. These stop-and-go fixes are expensive, between \$154 and \$183 billion in the next decade alone, and do not reflect Congress' obligation to oversee the Medicare program.

The Medicare Physician Payment Reform Act is different because it acknowledges that it will take more than one year to arrive at a workable solution. Stark's bill provides for a two year, 1.5% update - which is more generous than is included in the Senate Budget Reconciliation Act. Stark's bill, however, takes three more important steps that aren't taken by any of these other proposals.

1) It calls on MedPAC to come up with an alternative to the SGR that will promote efficiency and maintain beneficiary access to quality care.

2) It protects Medicare beneficiaries from bearing the cost of this update.

3) It eliminates the 45% trigger that was created in the Medicare Modernization Act of 2003 to restrict Medicare's general revenue support. If this trigger is left in place, physician increases will force a counter-productive, cyclical effort to cut Medicare spending.

“Congress has made several attempts at fixing the system, but only on a short-term basis,” Stark added. “We need to move beyond dealing with the problem immediately facing us and fix Medicare's payment system once and for all.”